



U.S. Department of Justice

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May 23, 2005

Event: Sentencing

Defendant: William Thomas, 37, of Detroit, Michigan

**Jackson Hewitt Franchise Owner and his Manager
Sentenced for Conspiring to Defraud the IRS**

United States Attorney Stephen J. Murphy and Maurice M. Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation announced that on May 23, 2005, Preston Harris, 33, of Detroit, Michigan, was sentenced to 18 months in prison followed by three years of supervised release. He was also ordered to pay restitution in the amount of \$231,053. Previously, on May 6, 2005, William Thomas, 37 of Detroit and co-owner of several Jackson Hewitt franchises was sentenced to 30 months imprisonment, followed by three years supervised release. He was also ordered to pay \$229,805 in restitution.

On July 26, 2004, Thomas and Harris were convicted by a jury of one count of conspiracy to defraud the Internal Revenue Service by means of fraudulent claims and two counts of filing false claims for refunds. Their sentences were handed down by United States District Court Judge Avern Cohn.

According to court records, during 1999 and 2000, Thomas was a co-owner and general manager of three Jackson Hewitt franchises in Oak Park, Highland Park, and Detroit. Jackson Hewitt Tax Service is one of the largest tax preparation services in the United States, with most of the offices independently owned and operated. Harris was in a managerial position at these franchises. Thomas and Harris, along with others, prepared over 50 false tax returns containing false and fictitious information, enlarging income tax refunds due to his clients by over \$115,000. At sentencing, Judge Cohn determined that the total tax loss was

approximately \$229,000. The false information included claiming false charitable contributions and un-reimbursed employment related expense. Thomas and Harris also claimed fictitious dependants and head of household status, along with creating fictitious Schedule C business, in order to generate an Earned Income Credit. Thomas and Harris not only derived financial benefit from the fees charged to their clients for the preparation of the income tax returns, but they often charged their clients an additional fee, sometimes as much as \$1,000, for their unlawful services, which they took from the proceeds of the clients' refund checks.

Mr. Aouate Stated, "While most return preparers provide excellent services to their clients, there are those who profit by taking certain advantages with a taxpayer's return, causing considerable financial and legal problems for all involved. It is so important that people choose their return preparer wisely and not get caught up in these false "easy money" schemes to cheat the Internal Revenue Service."

Mr. Murphy commended the special agents of the Internal Revenue Service Criminal Investigation for their work in this investigation. The case was prosecuted by Assistant United States Attorney Richard L. Delonis and Jeffrey A. McLellan, a Trial Attorney with the Tax Division of the U.S. Department of Justice.